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DE RUEHBW #0396/01 1091509

ZNR UUUUU ZZH

P 181509Z APR 08

FM AMEMBASSY BELGRADE

TO RUEHC/SECSTATE WASHDC PRIORITY 0192

INFO RHEFDIA/DIA WASHINGTON DC

RUEHDL/REGIONAL POLITICAL COLLECTIVE

RHMFISS/HQ USEUCOM VAIHINGEN GE

RUEKJCS/JOINT STAFF WASHDC

RHEHAAA/NSC WASHINGTON DC

RUEKJCS/SECDEF WASHINGTON DC

RUEHBW/AMEMBASSY BELGRADE 0287

UNCLAS SECTION 01 OF 03 BELGRADE 000396

SIPDIS

SENSITIVE

SIPDIS

E.O. 12958: N/A

TAGS: [KPAO](#) [PBTS](#) [PGOV](#) [PHUM](#) [PINR](#) [PREL](#) [SR](#)

SUBJECT: SERBIA: SOCIALISTS EAGER TO DEAL

REF: 08 BELGRADE 309

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Summary

¶1. (SBU) Serbia's Socialist Party appears to have enough support to win seats in the May 2008 parliamentary elections, and may even increase their parliamentary presence for the first time since the ouster from power of former party chairman and convicted war criminal Slobodan Milosevic. Party officials have left open the possibility of coalitions with either pro- or anti-EU blocs. The party membership is divided between Milosevic-era Communists and reformers who envision a modern leftist party that can deliver on social and economic issues, with some party leaders privately saying they fall into the latter camp. These internal divisions will not prevent the party from trying to leverage a potential kingmaker role and make the best possible deal in post-election negotiations. End Summary.

Not Dead Yet

¶2. (SBU) One year ago, Slobodan Milosevic's Socialist Party of Serbia (SPS) was on the brink of extinction. Heading no ministries, the SPS had held marginal power only through minority support for Kostunica's 2003-2006 governing coalition. Pollsters were mixed as to whether the SPS could pass the 5% threshold necessary for parliamentary representation, and many political observers considered the SPS to be a dying party. These analysts cited Milosevic's legacy, the Serbian Radical Party's (SRS) appeal to hardliners, and simple demographics (ageing pensioners) as reasons for the party's decline. In the 2007 election, the SPS competed with parties such as the Serbian Pensioner's Party (PUPS) for similar constituencies. Nevertheless, in the January 2007 parliamentary election, the SPS held on, clearing the threshold with 5.6% of the vote (about 227,000 votes). This marked the lowest vote total ever recorded by the SPS. (In 2003 the SPS won over 7%, and in December 2000 -- the first elections after Milosevic was ousted by current

Prime Minister Vojislav Kostunica -- over 13%.)

¶13. (SBU) The SPS appears to have reversed its downward trend. In the first round of presidential elections in January 2008, SPS candidate Milutin Mrkonjic won almost 250,000 votes -- more than Liberal Democratic Cedomir Jovanovic and without endorsements from PUPS or other parties. SPS leader Ivica Dacic made important pre-election coalitions with both PUPS and Dragan "Palma" Markovic's United Serbia (JS). PUPS garnered over 120,000 votes in 2007 (3.1%) and Markovic, mayor of Jagodina and former Serb paramilitary leader, likely brings 15,000 to 20,000 votes.

SPS: We're Ready to Lead

¶14. (SBU) The party is optimistic. On April 5, Dacic launched the SPS campaign in Belgrade, promising a "great [SPS] comeback." He told Politika on April 11 that the SPS would no longer just offer minority support, as it did for Kostunica. Vranje's Mayor Miroljub Stojcic (SPS) told the Ambassador on April 8 that the rally's 20,000-person attendance exceeded expectations. According to an April 15 article in Vecernje Novosti entitled "The Left Strikes Back," the SPS successfully weathered the post-Milosevic era and has now become the "most eligible" coalition partner. Vercernje Novosti listed former FRY President Zoran Lilic (1993-1997), Partizan Football Club President Tomislav Karadzic, ICTY defense lawyer Toma Fila and private university dean Mica Jovanovic as examples. Dacic claimed to B92 on April 8 that SPS had the most "professionals," like Mrkonjic, who are "capable to run" Serbia. The SPS leader said the party's governing priorities would be higher pensions, free medical treatment, abolishing academic scholarships, and

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strengthening labor unions.

SPS Strongholds Persist

¶15. (SBU) Local SPS leaders are confident that disillusionment throughout segments of society has kept their party platform relevant. Popular Mayor Stojcic told the Ambassador on April 8 that Serbians wanted political leaders to address unemployment and social welfare "above all else" and that the SPS was well placed on these issues. Milos Babic, New Serbia (NS) Mayor of Kraljevo, told the DCM on April 14 that support for the SPS ran around 10% in his region, due to the importance of social issues. Babic said the disproportionately older population of Serbia was interested in pensions, social welfare and unemployment benefits -- core SPS issues. Babic said that the SPS benefited from the fact that privatization had been a "disaster" in central Serbia. Svetomir Gordic, local SPS leader in Priboj, (western Sandzak) told poloff on April 10 that out of 20,000 voters, 6,000 were pensioners and strongly supported SPS. Gordic thought enough time had passed to "stop demonizing the SPS and Serbia" and that Serbia must join the EU, but with "dignity and pride."

Fiery Rhetoric

¶16. (U) Although Milosevic died over two years ago, his party still claims him and his nationalistic rhetoric. In February 2008, in the wake of Kosovo independence and the February 21 riots, Dacic said that Milosevic and the SPS "began the battle for Kosovo" with giant rallies in Kosovo and Belgrade. Dacic said the SPS was "particularly pleased" by the unity of political parties on Kosovo because "Milosevic defined that position." On March 12, the second anniversary of Milosevic's death, Dacic told supporters that the party's current leaders carried on Milosevic's legacy and espoused Milosevic's message on Kosovo. Milosevic's "principles of [our] national policy are still alive," Dacic said proudly. Dacic told the daily Politika on April 11 that Milosevic had been more successful than his successors. The SPS "got the Dayton Accords and Resolution 1244," he said. "What have [the Democrats] done in eight years?" In a conversation with poloff on April 11, SPS mayor of Novi Varos (and member of main board) Branislav Dilparic called the United States "hypocritical" on Kosovo and said the February 21 attack on the U.S. Embassy was "minimal" compared to "what the United States did to Serbia in 1999."

Coalition Options: The Great Debate

¶17. (U) While Dacic has publicly stated that hardline parties such as the DSS and Radicals are more "natural" coalition partners, he has been careful not to rule any major parties. Dacic told B92 that coalition "talks with everybody are possible" except the Liberal Democrats (LDP) or DS-bloc members Nenad Canak (League of Socialist Democrats of Vojvodina) and Vuk Draskovic (Serbian Renewal Movement). In an April 11 interview, Dacic said he would first speak with Kostunica's DSS after elections, calling them the "most natural partner." Speaking to B92, Dacic said he expected the SPS and DSS to be kingmakers citing "political mathematics."

Privately Pragmatic?

¶18. (SBU) In contrast to these public comments, Dacic told poloff

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in a February 25 meeting that the SPS "wanted to work with" the United States and EU, but that would only be possible after several months or more. He said the SPS intended to become a mainstream socialist party, and hoped to join the Socialist International. Mayor Stojcic of Vranje told the Ambassador on April 8 that many in the SPS "wanted to modernize" the party and "separate from history." He said it was a good sign that the SPS had indicated it was open to cooperating with "all parties."

He hoped, however, that the party would clearly enunciate its core values -- support for pensioners and the unemployed -- and agree for these to be government priorities before entering into a coalition. On various occasions from October 2007 through January 2008, Dacic told poloff that he intended the SPS to be in the next government. Although he specifically left unanswered the question of coalition partners, he claimed that SPS leadership supported President Tadic and the Democratic Party. Academic Mihailo Crnobrnja told the DCM on April 8 that the SPS and DS could still find an agreement after elections, as the DS would be able to draw in the reformist SPS wing by supporting SPS membership in the Socialist International.

Deal Rumors

¶9. (SBU) According to a DS contact, the DS, SPS and LDP are discussing a deal already. Filip Medic, advisor to senior DS official Ivan Vejvoda, told poloff on April 18 that under terms of the agreement SPS would hold some ministries while the LDP would provide minority support "as long as the coalition continued on the path of European integration." Medic worried that if the details are accurate and the news leaks before May 11, the SPS would lose support from hard-line members as a result and hurt the Socialists' ability to cross the 5% threshold.

Still Not Buying It

¶10. (SBU) As reported in reftel, many political observers do not consider an SPS-DS agreement realistic. LDP vice president Ivan Andric told poloff April 14 that despite Dacic's claims, it would be impossible because of backlash from the hard-line majority of the SPS voters. If given a choice, SPS would join the Radicals, he said. Former Tadic advisor and Kosovo negotiator told poloff, April 16, that an SPS-DS deal was highly unlikely. DS, in his view, "blew it" by letting the prospect of a coalition become public, forcing Dacic to publicly repudiate it. Kojen added that the SPS "revival" would be short-lived and reflected savvy political alliances rather than a return to political relevance. "The next wave of pensioners will not be Socialists," he said.

Comment

¶11. (SBU) Short-lived or not, the Socialists will likely play an important role in the post-election coalition negotiations either with the DS or SRS. Even if the DSS and SRS agree to govern, they may still need SPS support to form a government. If the SPS enters into negotiations with the DS-bloc, the SPS will look for ways to use DS credentials to renew their international legitimacy as a reformed leftist party. Either way, the SPS will likely exact a cost high enough to keep them politically visible and viable until the next elections. End Comment.

MUNTER